



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



AUGUST 27, 2002

Brazil Supplies Southeast U.S. Market. Wilmington Bulk LLC, a consortium of North Carolina poultry and swine producers, has recently received its first shipment of Brazilian-produced soybean meal through the new import facility of Wilmington, NC. The 2-million-bushel-capacity facility at Wilmington is the first newly built, large-scale import-export grain and feed ingredient facility on the East Coast. Smaller quantities of grain and soybean meal are currently being imported at ports in Brunswick, GA, and Charleston, SC. However, these are primarily export facilities, as is the former Cargill grain facility in Norfolk, VA, currently owned by Perdue Farms, Inc.

This first shipment of 30,865 tons of meal recently shipped from Santos, Brazil, to Wilmington is expected to be the first of approximately 198,000 tons imported over the next several months through the North Carolina facility. Demand for feed ingredients in North Carolina and the Mid-Atlantic region far exceeds production. For example, of the 32.5 million metric tons of soybean meal consumed in the United States, the Southeast region consumes roughly 30 percent. Furthermore, less than 20 percent of the consortium's total consumption is obtained from local sources because of substantial demand by other users for locally grown grain and soybeans.

Midwest grain transported by rail from Indiana, Michigan, and Ohio has historically been necessary to fill the demand of southeastern livestock operations. However, uncompetitive rates for both rail and waterborne transportation from the Midwest to the Southeast proved to be major factors in the consortium's decision to import foreign grain. In addition, drought conditions in the Southeast are making it even more crucial for regional livestock operations to seek grain supplies in States west of the Mississippi River or elsewhere. In North Carolina, for example, drought conditions projected to reduce corn production by 34 percent and soybean production by 21 percent, compared to 2001. (*Marvin Prater, USDA, Transportation Services, Marvin.Prater@usda.gov*)

Importation of Soybean Meal Concerns Producer Groups. "This situation is very frustrating for U.S. farmers and ranchers," said Dwain Ford, President of the American Soybean Association (ASA). The ASA, along with the American Farm Bureau Federation (AFBF), the National Association of Wheat Growers, and the National Corn Growers Association, expressed extreme disappointment with the prospect of importing substantial amounts of grain into the United States. Bob Stallman, AFBF President, was also disappointed by the prospect of future imports, stating, "these companies didn't build a new port for just one shipment." He added, "there will be other shipments of not only soybean meal, but probably wheat and corn in the future....we (producers) need to work together to address domestic transportation problems."

The four groups claimed several likely reasons for the Brazilian imports. First, an insufficiently competitive transportation infrastructure is seen as one impediment. The Southeastern United States, for example, is served by only two major railroads, the focus of both being nonagricultural freight. Also, while Brazil has increased its investment in its waterway infrastructure, the United States has not made any substantial improvements to modernize its inland waterway system and increase its efficiency. Second, the Jones Act, which requires ocean transportation between U.S. ports to be on U.S. flag vessels, increases the cost of transporting grain to Wilmington, through the Great Lakes, or from the U.S. Gulf region, for example. Lastly, exchange rates and weak foreign currencies among major U.S. competitors have made U.S. grain exports less competitive and grain imports more attractive to buyers such as livestock operations. (*Agweb.com 8/3*)

Vancouver Grain Workers Locked Out. Grain shipments were stopped early this week at the port of Vancouver, B.C., Canada's busiest grain port, following a labor dispute between the grain terminal operators and the Grainworkers union. The dispute eventually caused a lockout of all grain workers. The Union, without a contract since December 2000, has raised issues of scheduling, overtime, recall, and retirement incentives. However, it failed to vote on an offer on August 25, claiming it needed more time to gather its members. This brought about the lockout situation. "The thing just keeps dragging on and deteriorating, and the industry wanted to bring it to a head," said Eric Harris, chief negotiator for the British Columbia Terminal Elevator Operators Association.

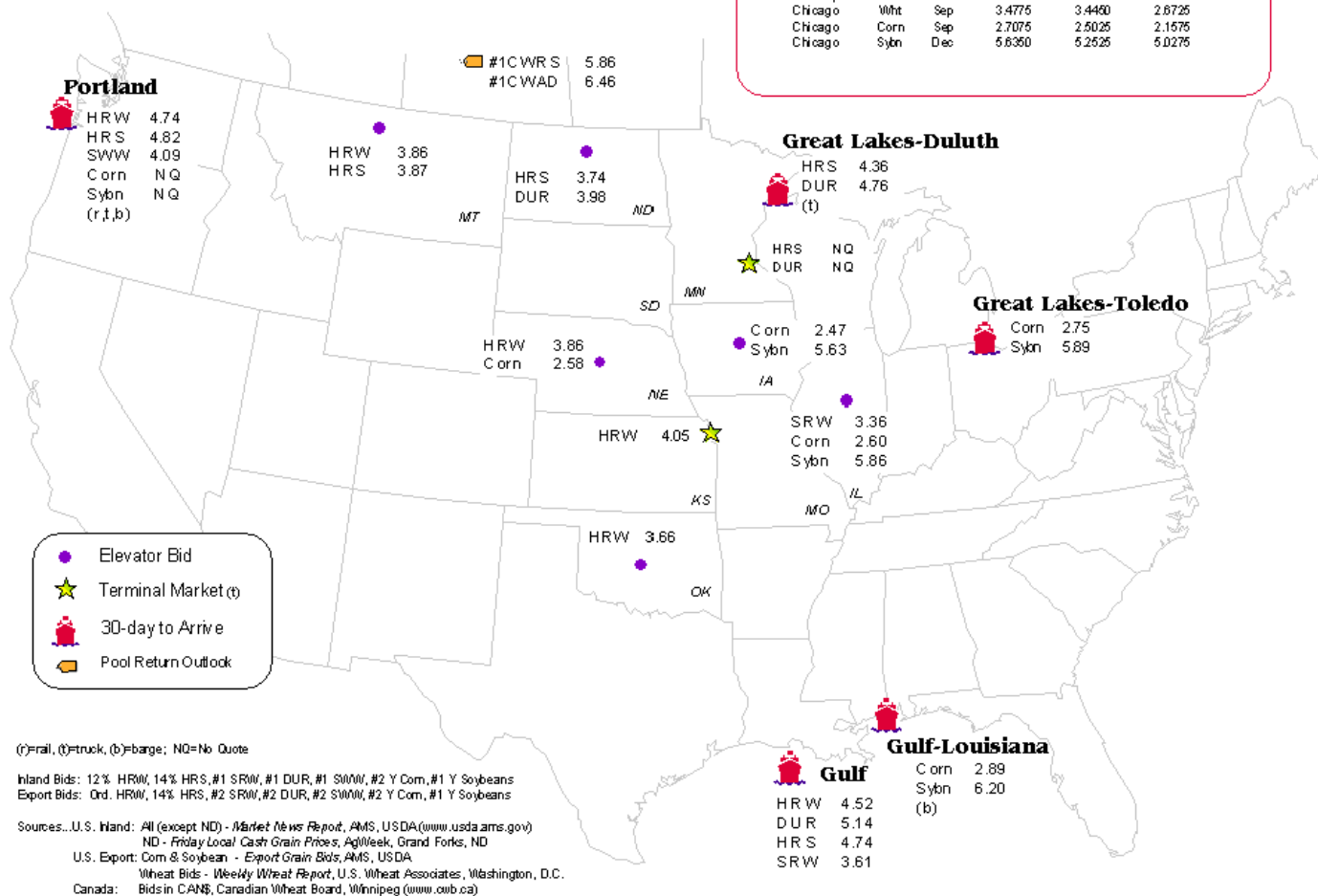
Though the work stoppage has raised concern among the Canadian Wheat Board (CWB), which markets Canadian wheat and barley, its affect is less damaging since it comes at a time of decreased exports. Drought in Western Canada has dramatically affected crop yields, resulting in the lay-off of more than 600 port grain handlers. Information from the Vancouver Port Authority indicated that grain exports dropped 30 percent during the first 6 months of this year. However, a lengthy or ongoing dispute will be crucial since grain movements are generally heaviest between October and January, following harvest. (*Reuters 8/26, Canada.com News 8/29*)

Report is prepared by Johnny Hill and Hooshang Fazel, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to Johnny.Hill@usda.gov or Hooshang.Fazel@usda.gov.

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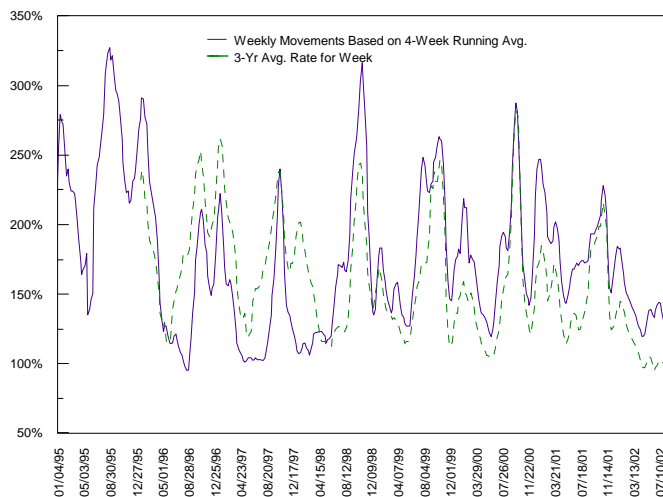
Grain Bid Summary

Futures:				08/16/2002	Week Ago 08/09/2002	Year Ago 08/17/2001
Kansas City	Wht	Sep		3.9100	3.8175	2.9675
Minneapolis	Wht	Sep		4.0550	3.9300	3.0525
Minneapolis	Dur	Dec		4.8300	4.7500	n.a.
Chicago	Wht	Sep		3.4775	3.4450	2.8725
Chicago	Corn	Sep		2.7075	2.5025	2.1575
Chicago	Sybn	Dec		5.6350	5.2525	5.0275

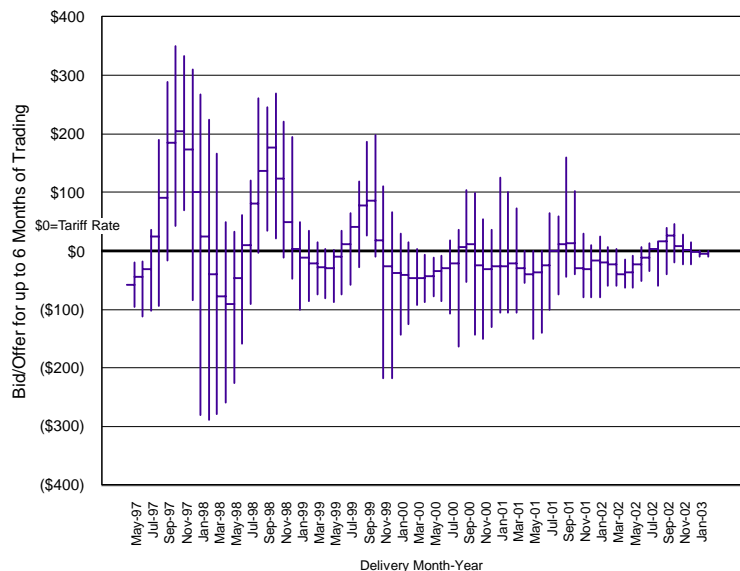


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings

Delivery for:	Oct-02		Nov-02	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	14,097	55%	11,652	6%
UP-GCAS	No Offer	No Offer		

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Sep-02	Oct-02	Nov-02	Dec-02
BNSF-GF	\$1	\$0	\$(10)	\$(11)
UP-Pool	\$(24)	\$(18)	\$(22)	\$(22)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;
 GF=Guaranteed Freight, GEPP=Guaranteed Eqpt. Exchange,
 Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Oct-02	Nov-02	Dec-02
COT/N. Grain	\$0	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no offer	no offer	no offer
GCAS/Region 4	no offer	no offer	no offer

Source: T&M/AMS USDA. Data from www.bnsf.com, www.uprr.com,
 (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

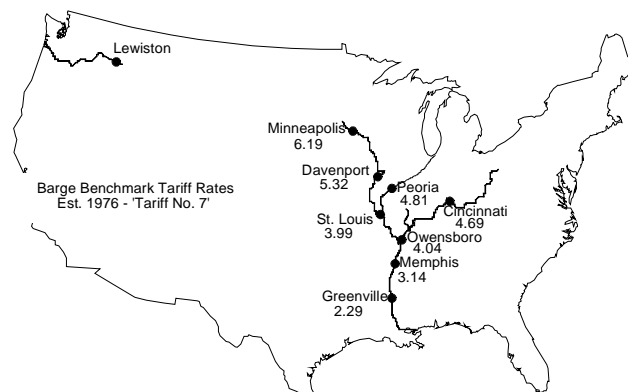
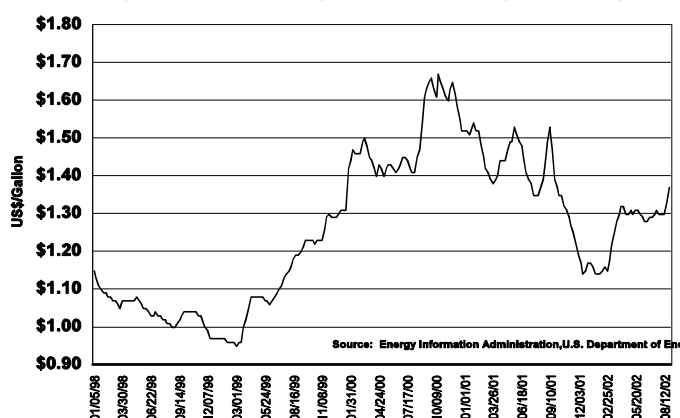
Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
08/27/02	St. Louis	Aug	n/a	115
		Oct	n/a	170
		Dec	n/a	122
		Feb	n/a	123
		Mar	n/a	123
	Illinois River	Aug	n/a	130
		Oct	n/a	185
		Dec	n/a	158
		Feb	n/a	173
		Mar	n/a	158

Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	8/21/02	8/14/02	Sept '02	Nov '02
Twin Cities	161	156	183	206
Mid-Mississippi	140	126	163	145
Illinois River	128	120	138	148
St. Louis	109	100	141	149
Lower Ohio	104	98	152	162
Cairo-Memphis	105	95	137	142

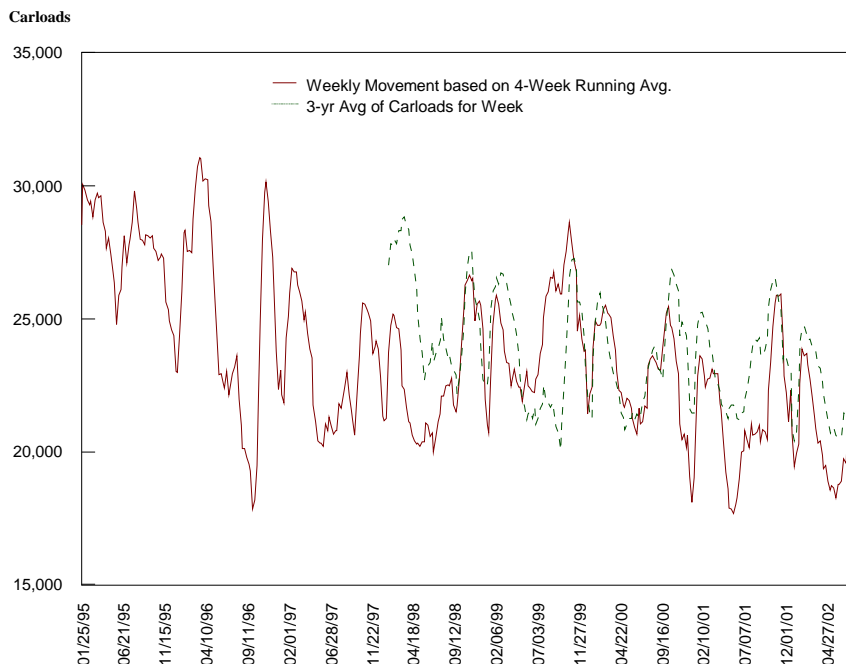
Source: Transportation & Marketing /AMS/USDA
 nq=no quote; rates are percentages of 1976 Benchmark

Weekly Retail Diesel (Road) Prices (Including Tax)

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
8/3/02	19,514
8/10/02	20,771
8/17/02	19,963
Year to Date - 2002	679,163
Year to Date - 2001	689,046
Total 2001	1,117,601
Total 2000	1,188,917

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East		West			Canada	
	CSXT	NS	BNSF	KCS	UP	CN	CP
08/17/02	2,170	2,963	8,391	329	6,110	3,090	3,898
This Week Last Year	2,521	2,670	7,783	626	6,145	4,076	5,070
2002 YTD	91,402	102,930	243,365	18,097	219,214	131,876	119,905
2001 YTD	98,372	101,419	257,094	15,421	216,740	161,292	146,412
2001 Total	151,864	163,018	428,603	26,330	347,156	254,982	232,461
2000 Total	147,708	153,905	425,849	26,515	364,785	160,749	239,670

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

August 2002

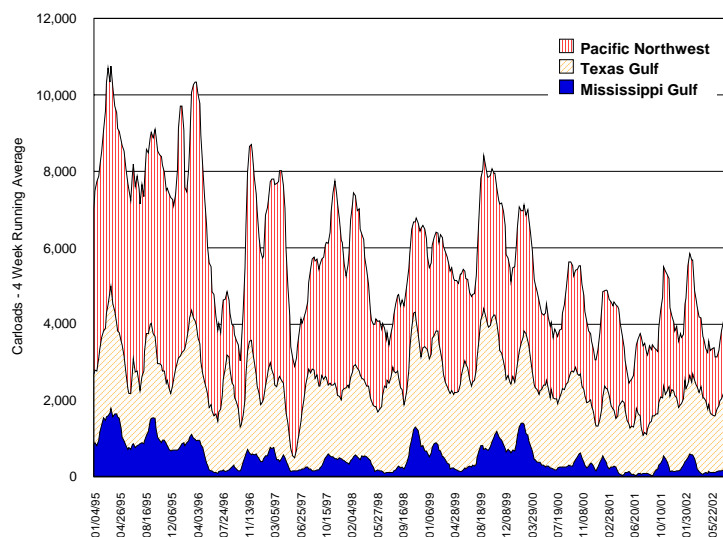
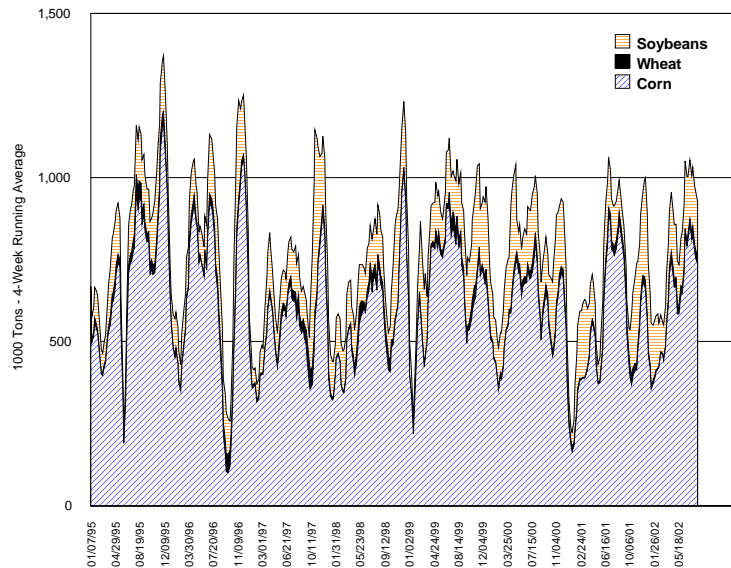
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
08/05/02	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
08/05/02	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
08/05/02	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
08/05/02	43586	Wheat	Kansas City, MO	Portland, OR	\$4,347	\$47.92	\$1.30
08/05/02	43581	Wheat	Omaha, NE	Portland, OR	\$4,005	\$44.15	\$1.20
08/05/02	31040	Corn	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
08/05/02	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
08/05/02	31040	Corn	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
08/05/02	61180	Soybean	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
08/05/02	61180	Soybean	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
07/17/02	380*	2,505	1,406	197
07/24/02	1*	2,139	2,480	274
07/31/02	0*	1,731	2,366	624
08/07/02	0*	1,195	1,335	161
08/14/02	98*	1,276	1,566	291
08/21/02	0*	1,214	1,151	339
YTD 2002	7,182*	62,108	65,209	15,304
YTD 2001	5,817	49,759	71,540	17,079
Total 2001	10,022	81,804	111,376	26,604
Total 2000	25,767	104,473	128,414	14,816
Source: Transportation & Marketing/AMS/USDA				

(*) Incomplete Data

Rail Deliveries to Port**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 8/17/02

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	516	12	115	647
Winfield, MO (L25)	574	21	110	710
Alton, IL (L26)	790	36	119	971
Granite City, IL (L27)	760	37	124	946
Illinois River (L8)	216	11	106	353
Ohio (L52)	0	0	0	0
Arkansas (L1)	0	41	0	41
2002 YTD	23,213	1,567	6,695	32,522
2001 YTD	19,921	1,580	5,722	28,458
Total 2001	31,878	2,679	10,616	47,091
Total 2000	33,482	2,518	10,327	48,247

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers.

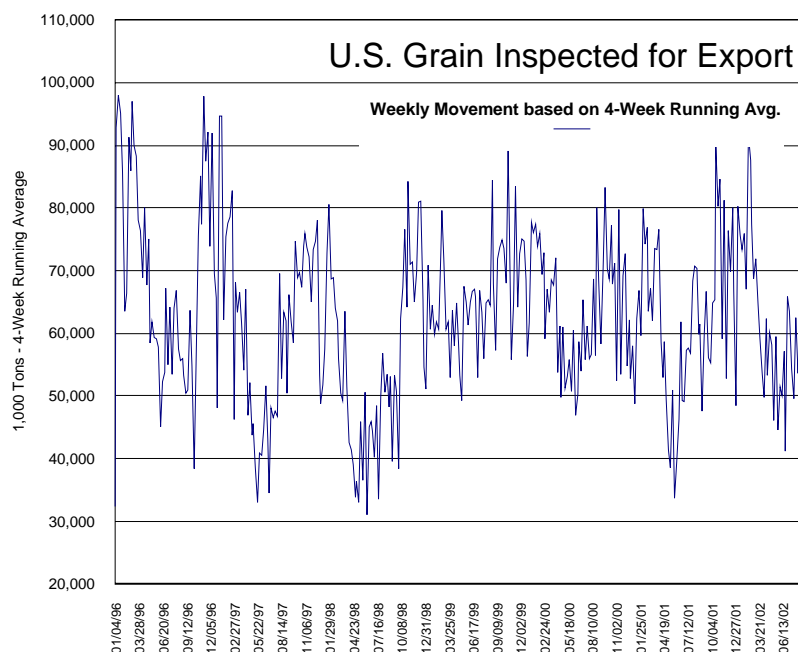
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
08/15/02	1,033	358	1,168	629	111	3,298	6,225	3,967	13,490
This Week Year Ago	1,288	918	1,050	432	338	4,026	4,748	1,206	9,980
<u>Cumulative Exports-Crop Year</u>									
01/02 YTD	1,940	682	1,126	691	200	4,639	45,716	29,286	79,641
00/01 YTD	1,594	1,009	950	626	255	4,434	44,948	17,713	67,095
99/00 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
98/99 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
08/22/02	244	128	30	126	550	223	116	0	10
2002 YTD	5,419	2,590	1,343	3,206	22,562	9,947	3,756	214	884
2001 YTD	6,144	3,592	1,329	3,722	22,434	9,476	3,531	182	951
% of Last Year	54%	43%	79%	47%	64%	55%	54%	46%	88%
2000 Total	9,946	6,006	1,710	6,776	35,231	17,953	6,927	470	1,008

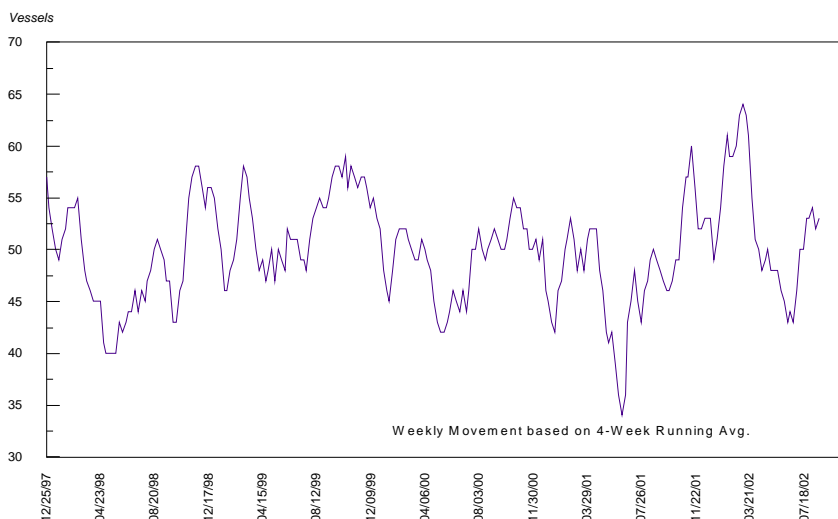
Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 8/22/02			
Vancouver	197	15	2
Prince Rupert			
Prairie Direct	13	15	12
Thunder Bay	34	49	3
St. Lawrence	158	93	1
2001 YTD Exports	402	172	18
2000 YTD Exports	548	49	67
% of Last Year	73%	351%	27%

Source: Canadian Grains Commission, Crop year 8/1-7/31



**Gulf Region
Vessels Loaded
- Past 7 Days-**

Port Region Ocean Grain Vessels

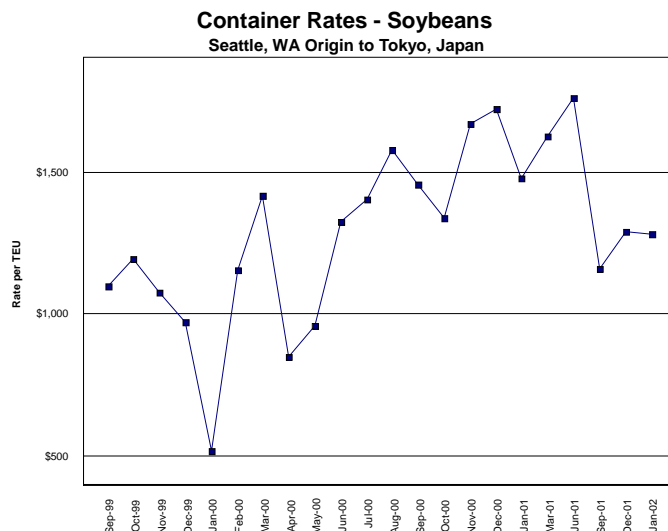
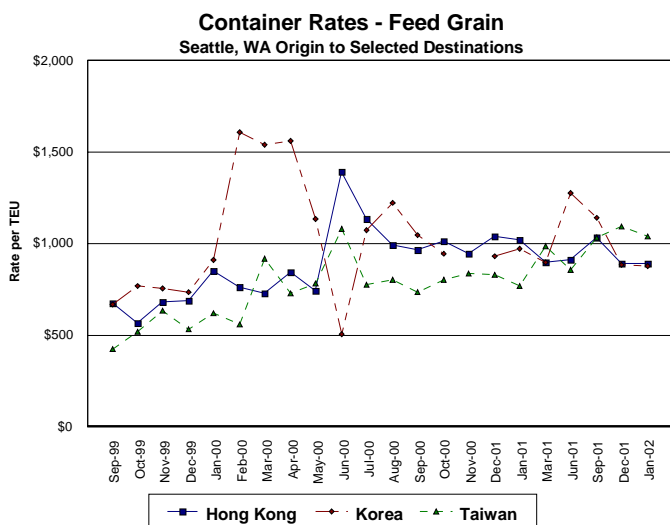
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
08/15/02	25	46	52	10			5	7	4
08/22/02	32	57	55	8			6	6	1
2001 Range	(13..65)	(28..64)	(46..81)	(1..18)			(4..20)	(3..14)	(0..7)
2000 Range	(23..50)	(34..57)	(47..83)	(4..15)			(4..20)	(5..19)	(0..9)
2001 Avg	36	48	63				12	8	3
2000 Avg	36	49	65				11	9	3
1999 Avg	32	52	65				10	9	3

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

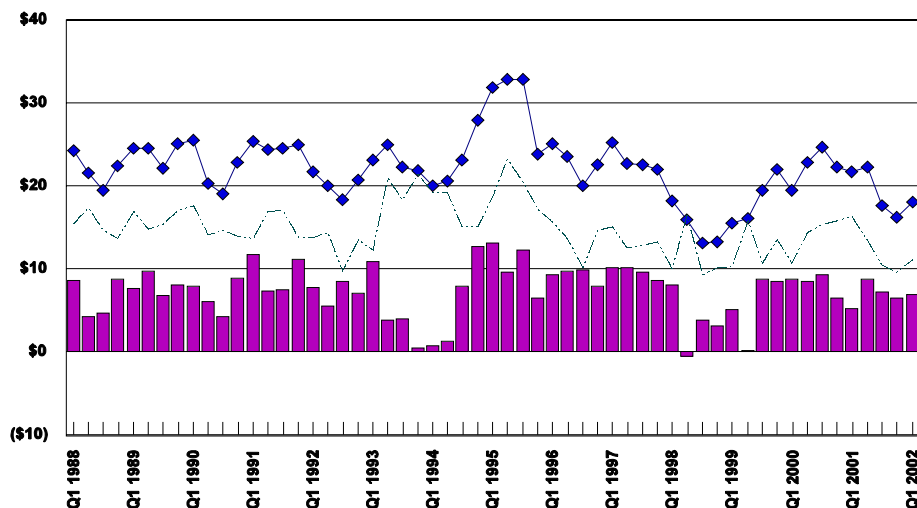
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA



◆ Rate - Gulf to Japan
 --- Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean
Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2002 2 nd Qtr	2001 2 nd Qtr	% Change		2002 2 nd Qtr	2001 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.43	\$22.31	-13%	Japan	\$11.03	\$13.05	-18%
Mexico	\$46.92	\$17.84	63%				
Venezuela		\$14.76	-	Argentina to			
N. Europe	\$13.58	\$16.93	-20%	Med. Sea	\$16.98	\$26.08	-35%
N. Africa	\$15.84	\$19.52	-19%	N. Europe	\$17.16	\$19.68	-13%
Med. Sea	\$12.62	\$15.80	-20%	Japan	\$25.10	\$26.62	-6%
Black Sea		\$21.16	-				

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 8/24/02

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Chicago	Latvia	Wheat Flour (bgd)	Sept 25/Oct 10	2,290	\$101.33
Norfolk	Latvia	Wheat Flour (bgd)	Sept 25/Oct 10	1,080	\$81.33
US Gulf	Egypt	Heavy Grain	Aug 24/30	60,000	\$11.50
US Gulf	S. Africa/Kenya	Corn	Aug25/Sept 25	11,260	\$238.00
US Gulf	Yemen	Wheat Flour (bgd)	Nov 20/30	5,000	\$174.00
US Gulf	N. Korea	Rice (bgd)	Sept25/Oct 15	13,430	\$82.50
US Gulf	Japan	Heavy Grain	Sept 1/15	54,000	\$20.00
Paranagua	French Bay	Grains	Aug 23/30	28,000	\$16.40
River Plate	Algeria	Soybean/Corn	Aug 25/30	15000/5000	\$26.25
Parana River	Morocco	Heavy Grain	Aug 15/30	25,000	\$20.50

Source: Maritime Research Inc.; rates shown are for metric ton (2,204.62 lbs.=one metric ton), F.O.B., except where otherwise indicated; op=option